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GENERAL

1. Estimate of Soviet position in Europe -- US Ambassador Kirk in Moscow suggests that the Kremlin's year-end estimate of the European scene is probably characterized by: (a) satisfaction in general regarding Satellite control and evolution; (b) continuing anger and concern over Tito, tempered by the belief that incipient Titoism is being effectively suppressed in the remaining Satellites; and (c) real hopes for eventual advances in Germany and Western Europe. Kirk points out that although the Kremlin is aware of increased western integration and the loss of Communist control of world labor, the Kremlin nevertheless may expect these western gains to be wiped out eventually by the "deepening economic crisis" and "contradictions" between the western powers. The Ambassador concludes that Moscow may again, as in 1947, be considerably over-estimating Soviet prospects outside the Iron Curtain in Europe.

(CIA Comment: CIA believes that despite the Kremlin's optimistic expectations for an eventual western economic crisis and increasing disunity among the western powers, the Kremlin probably recognizes that the USSR has suffered a temporary setback in Europe caused by: (a) military, economic, and political measures undertaken by the western powers; (b) the problems arising from Tito's deviations; and (c) reduced effectiveness of Communist parties in Western European nations.)

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NEAR - EAST AFRICA

2. PALESTINE: Israeli-Jordan negotiations deadlocked-US Embassy London has been informed by a UK Foreign
Office official that the Israeli-Jordan peace talks were
adjourned without provision for further meetings after
a stormy session on 8 December, even though the parties
did reach agreement in principle regarding the advisability of re-drawing demarcation lines in Jerusalem.
According to the Foreign Office official, the principal
point of contention in the negotiations continues to be
Jordan's demand for access to the Mediterranean. The
Embassy reports that the official was pessimistic over
the prospects for a settlement between the two countries
as a result of the current conversations.